

Policy on fibre and products sustainability – Sourcing, use and certification

“ITC’s sustainability journey has inspired us to renew our commitment to consciously direct the collective endeavours of our employees across all businesses, functions and locations to continuously improve sustainability practices to ultimately attain and exceed global standards.” This vision of our Chairman inspires ITC’s commitment towards sustainable growth and minimizing the impact of its operations on the environment.

ITC’s progress in creating a sustainable future is captured in our annual Sustainability Report which is independently verified by a credible third party agency and discloses the company’s achievements on the Triple Bottom Line performance.

Our goals in minimizing the environmental impact of our operations and in fostering a better environment in the communities where we operate include:

- a) Climate change strategies
- b) Water and energy conservation
- c) Raw material sustainability
- d) Carbon sequestration
- e) Air, water emissions and solid waste discharge
- f) Environmental footprint of our products

ITC PSPD drawing from this vision, will continuously work towards becoming the benchmark for sustainable practices in the industry in all areas of operations – right from sourcing of fibre, to the efficient use of resources including energy and water, to the disposal of waste and in improving the environmental signature of our products.

In furthering our sustainability goals, ITC PSPD adopts the following guidelines and targets in respect of sourcing of wood and wood pulp, recycled fibres and in the sale of products offered with a claim in respect of the fibre.

Farm and social plantations’ wood:

We have pioneered a farm and social plantation programme supported by our R&D efforts, where we have developed high-yielding, site-specific, disease-resistant clones of eucalyptus, subabul and casuarina and other species, which are distributed to farmers and supported by a comprehensive package of plantation and management practices.

Through this programme, we have greened more than 100,000 hectares of land till 2009, and aim to cover much more in the next few years.

1. Our first target is to progressively get a larger proportion of this farm and social plantations’ wood certified in line with credible national/international schemes, with FSC being the preferred scheme. We will progressively ensure that the wood sourced from these plantations, and any wood procured from third party sources, qualify under the following principles of Controlled Wood Certification:

- a) All wood will be sourced from known, legal sources
 - b) No High Conservation Value forests will be disturbed by our sourcing
 - c) The purchase of genetically modified wood will be avoided
 - d) During all our operations, societal and community rights of workers and those affected by the procurement , will be upheld
 - e) We will strive to avoid wood procurement from forests converted to plantations with the cut-off year as 2000
2. We will also simultaneously progress towards organising the plantations into groups facilitating the implementation of credible forestry management practices as defined under FSC/similar standards, and progress towards certification under national/international schemes, with FSC being the preferred scheme.

We have set targets over the next 5 years for wood certification and procurement . Please refer to Annexure 1.

Sourcing of pulp from other suppliers

When sourcing pulp from third-party sources, apart from considerations relating to cost and quality and our procurement policy guidelines, we will give additional weightage to pulps:

- a) Which are using wood from known and licensed areas
- b) Meeting Controlled Wood requirements as listed above
- c) Which are credibly certified to FSC/similar labels , or from sources actively pursuing credible certification

Our target is to progressively increase the proportion of pulp volume meeting the above guidelines.

Sourcing and use of reclaimed fibre

ITC PSPD recognizes the importance of using reclaimed/recycled fibre in our manufacturing process, and selling products with, recycled fibre content. Our product portfolio includes many grades made entirely from recycled fibre.

Our aim is to progressively increase the use of post-consumer fibre from domestic as well as international sources, and to maintain adequate systems to track the origin and usage of recycled fibre.

We have pioneered a recycling programme – Wealth Out of Waste (WOW), that seeks to improve the collection rate of recyclable fibre in India. We will expand this programme and its reach in India to cover a higher proportion of our recovered fibre requirement. WOW's collection targets for the year 2009-10 are at 1500 MT per month.

While procuring material from third-party sources, we will verify that it is in compliance with applicable laws.

We have set targets over the next 5 years for the sale of recycled products. Please refer to Annexure 1.

Product Certification (Chain of Custody)

ITC PSPD adopts the following guidelines towards obtaining Chain of Custody (CoC) certification for our products under credible national/international schemes, with FSC being the preferred scheme.

- a) In case of products which use wood from our social and farm plantation programmes, or source pulp from third party sources, we will strive to bring more of our product sales under the FSC Mixed label/similar label.
- b) In case of products that use recycled fibre, we will strive to bring more of our final product sales under the FSC Recycled label/similar label.

We have set ourselves targets over the next 5 years for the sale of products certified under a credible CoC labeling scheme. Please refer to Annexure 1.

ITC PSPD will publish an annual progress summary on the implementation of these guidelines and make the same publicly available through its website, through the Sustainability Report of ITC Limited, and through other reports of ITC and ITC PSPD.

Annexure 1 – Fibre certification and procurement

Unit	Year-1	Year 2	Year-3	Year-4	Year-5
Kovai Unit	50%	75%	75%	75%	75%
Bollaram Unit	30%	37%	41%	55%	58%
Bhadrachalam Unit	30%	37%	41%	55%	58%
Tribeni Unit Hoogli district	25%	32%	40%	45%	45%
Education and Stationery Products Business Production of Note books (Classmate and Paperkraft)	30%	37%	41%	55%	58%

Note :The percentage indicates the targeted proportion of saleable volume which will be covered under certification to be achieved by the end of each year.

The brands covered under these targets are as follows:

Product	Volume – Annual (mt)
Cyber Cypak, Cyber XL Pac, Pearl Graphik, Safire Graphik, CLC Triplex Board, Liquid Packaging Board (Uncoated), MG Triplex Board, Ecoviron Blanca, Eco Ultima, Carte Lumina, Coated Folding Box Board, Safire XLPac, Cyber Propac, PaperKraft Copier, Alfa Plus, Alfa Zap, Absorbant Kraft, Deluxe Kraft Paper, Coated Board Grey Back, Metalised Coating Base, Folding Box Board Non Varnishable, Gypsum base Board, Bleached Kraft Liner, MG Poster Paper, Hibrite Paper	
Indobev1PE, Indobev2PE, Indobarr1PE, Indobarr 2PE, Cuppo Blanca, Indolux safire, Art Maestro, Carte Persona	
Eco Natura, Coated Board Grey Back , Coated Board White Back, Cone Board, Fusion Natura	
Medical insert paper, Medical grade papers, Pharma print paper, Magazine printing paper, White printing paper, Book Printing paper, Bible printing paper, Super Fine Printing paper, Dye print papers, Barrier paper, Premium directory paper, Opaque tissue	
Paperkraft Copier papers and note books, Classmate notebooks	
Total	500000